## 2008 Special Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 1064STATUS: A-EngrossedSUBJECT: Establishes reporting requirement for mortgage bankers and brokersGOVERNMENT UNIT AFFECTED: Department of Consumer and Business ServicesPREPARED BY: Dawn FarrREVIEWED BY: Robin LaMonteDATE: February 8, 2008

<b>EXPENDITURES:</b> Personal Services – Other Funds Services and Supplies – Other Funds	<u>2007-2009</u>			<u>2009-2011</u>
	\$ \$	184,445 25,574 210,019	\$ \$	295,112 37,759 326,871
<b>REVENUES:</b> See Analysis Section				
<b>POSITIONS / FTE:</b> Compliance Specialist 3/Financial Officer		2/1.25		2/2.0

## **EFFECTIVE DATE:** On Passage.

**INTERIM JOINT COMMITTEE ON WAYS AND MEANS:** The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** The bill directs the Director of the Department of Consumer and Business Services (DCBS) to establish rules that require mortgage banker and brokers to file a report, on or before May 1 each year, to the Director that contains business and operations information related to residential mortgage lending. Reports submitted to the director are exempt from disclosure. The DCBS's Director may make abstracted report information available for public inspections, and must maintain a registry of loan originators. The Director can suspend, permanently prohibit, or place conditions on loan originators. Failure to submit a timely report can result in a penalty of not more than \$100 per day.

DCBS has determined that two additional permanent staff will be need to implement the bill; a full-time Compliance Specialist 3 and full-time Financial Enforcement Officer. The Compliance Specialist 3 will be responsible for investigating potential violations of mortgage lending laws identified from consumer complaints and examinations. The Financial Enforcement Officer will be responsible for evaluating and preparing administrative actions or preparing civil or criminal prosecution cases against members of the mortgage industry, when appropriate.

Total Other Fund expenditures for the two positions will be \$210,019 for the remainder of the 2007-09, and \$326,871 for the 2009-11 biennia. The agency has sufficient revenues being generated through licensing fees for mortgage brokers and registration fees for loan originators to fund these additional expenditures

through 2011, however, the agency would need additional expenditure limitation. Continuation of these positions beyond 2011 would ultimately require a fee increase.

DCBS does not anticipate a significant increase in fee revenue resulting from late report penalties as the agency intends to provide educational outreach to mortgage lenders to help them comply with the annual reporting requirement.